GOVERNMENT OF INDIA
SHIPPING, ROAD TRANSPORT AND HIGHWAYS
LOK SABHA

UNSTARRED QUESTION NO:5249
ANSWERED ON:30.04.2008
FINANCIAL HEALTH OF SCI
Kharventhan Shri Salarapatty Kuppusamy

Will the Minister of SHIPPING, ROAD TRANSPORT AND HIGHWAYS be pleased to state:

(a) the details of profit/loss earned/incurred by the Shipping Corporation of India during the last three years, year-wise;

(b) whether the profit of the Corporation has been decreasing over the years;

(c) if so, the reasons therefor; and

(d) the steps taken to improve the bottomline of the Corporation?

Answer

MINISTER OFTHE STATE IN THE MINISTRY OF SHIPPING, ROAD TRANSPORT AND HIGHWAYS (SHRI T.R. BAALU)

(a): The profit earned by Shipping Corporation of India during the last three years is as under:

Year	Rs. in Crores
2004-05	1419.91
2005-06	1042.20
2006-07	1014.58

(b) & (c): The profit of Shipping Corporation of India SCI over the last ten years has been as follows −

Year	Rs. in Crores
1997-98	246.20
1998-99	201.30
1999-00	161.60
2000-01	382.60
2001-02	241.60
2002-03	274.80
2003-04	627.00
2004-05	1419.91
2005-06	1042.20
2006-07	1014.58

As seen from above, the profit of SCI from 1997-1998 to 2002-2003 varied from Rs.161.60 crore during the year 1999-2000 to Rs.382.60 crore in the year 2000-2001. The profit increased substantially in the year 2003-2004 to Rs.627 crore. Further, the profit increased to Rs.1419.91 crore for the year 2004-05 which included an extraordinary income of Rs.295.48 crore on account of write back of deferred tax and, therefore, after adjustment of this amount, the adjusted profit would be Rs.1124.43 crore. Thereafter, the profit of SCI has marginally decreased to Rs. 1014.58 crore during the year 2006-2007. Shipping industry is a cyclical industry and freight rates are affected by demand and supply of cargo as well as tonnage. Due to this, the profit of SCI also fluctuates.

(d): Shipping industry is a cyclical industry and further freight rates in the different segments of the market like Bulk Carriers, Tankers and Liners do not move in tandem with each other. SCI is a diversified company, having its presence in all segments of shipping and hence has a natural hedge against adverse movement of the market. SCI tries to ensure that all its vessels are deployed on an optimal mix of spot and time charter, to take advantage of the market conditions. In case of Liner trade, SCI has exited out of the loss making India-US service, thus cutting its costs. SCI also tries to ensure that its vessels are maintained properly, to reduce the breakdown time and cost of vessels. Further, SCI is in the process of implementing an integrated information system, which would increase the efficiency of the company.